



JOHN P. RACHEK  
Chairman

STATE OF CONNECTICUT – COUNTY OF TOLLAND  
INCORPORATED 1786

# TOWN OF ELLINGTON

55 MAIN STREET – PO BOX 187  
ELLINGTON, CONNECTICUT 06029-0187  
[www.ellington-ct.gov](http://www.ellington-ct.gov)

DOUGLAS B. HARDING  
Vice Chairman

## BOARD OF FINANCE

PEGGY BUSSE  
DAVID J. OLENDER  
BARRY C. PINTO  
JOSEPH E. WEHR

### REGULAR MEETING DECEMBER 3, 2019 MINUTES

**Members Present:** John Rachek, Peg Busse, Douglas Harding, David Olender, Barry Pinto, Joseph Wehr

**Others Present:** Lori Spielman-First Selectman, Felicia LaPlante-Asst. Finance Officer, EVFD Chief-Jack Rich and Deputy Chief-Bob Smith, Joseph Palombizio-Emergency Mgt Director, Sgt Brian Santa, Officer Stephen Estes, Members of the EVAC, Thomas Palshaw, Michael VanDeventer-CPA, Partner MahoneySabot

#### 1. Call to Order

Chairman John Rachek called the meeting to order at 8:02 PM. He welcomed the newest member Joe Wehr back to the Board.

#### 2. Pledge of Allegiance

#### 3. Election of Chairman

**MOVED (HARDING) SECONDED (OLENDER) TO NOMINATE AND ELECT JOHN RACHEK AS CHAIRMAN OF THE BOARD OF FINANCE. PASSED UNANIMOUSLY**

**MOVED (OLENDER) SECONDED (PINTO) TO NOMINATE AND ELECT DOUGLAS HARDING AS VICE CHAIRMAN OF THE BOARD OF FINANCE. PASSED UNANIMOUSLY**

The Chairman reminded the members that the Fire/EMS Study Report would be presented at the Town Hall on Monday, December 16 at 7 PM and that the BOE presentation on Windermere School will be December 12 at the EHS Gym.

**4. Citizen's Forum – (Non-agenda items) – None**

**5. Audit Presentation**

Michael VanDeventer of MahonySabol presented the audit findings for year ending 6/30/18. Attached is the presentation submitted to the Board.

One material weakness was noted regarding the Volunteer Firefighters' Length of Service Award Program and rectified. A deficiency noted was the timeliness of financial reporting. It was noted that the closing of books resulted in significant delays. Mr. VanDeventer suggested that the Town purchase the software that the Board of Education is planning to purchase which will help to identify the various funds on a timely basis rather than doing journal entries at year end. Felicia LaPlante stated that the software is included in this year's capital budget. He stated that he felt the delays were due in large part to not having a Finance Officer in place. The requirement is that the audit be done by December 31 but that there are few auditors that do municipal audits so it is hard to schedule it to be done by that time.

He was asked if they follow up on the recommendations and he stated that any recommendations in this audit would be followed up in the next audit.

Peg Busse asked if he knew why the expenditures were less than budgeted and he stated that they do not look at that but that it would be a management item to determine why.

The Town ended the fiscal year in good standing. The Crystal Lake School addition/renovation has a deficit fund balance due to some expenses not expected to be reimbursed by the State for the project. The Town will have to make that up.

He made a recommendation that the Town look into Cybersecurity with an assessment by a third party of the possible exposure.

Peg Busse stated that last month she asked for a breakdown of the expenses for the Town Hall Renovation Project and did not received it. Felicia LaPlante will get that information to her.

**6. Approval of Minutes**

**MOVED (PINTO) SECONDED (HARDING) AND PASSED (WEHR ABSTAINED) TO APPROVE THE MINUTES OF THE REGULAR MEETING OF OCTOBER 1, 2019 AS WRITTEN.**

## **7. Financial Statements**

Financial Statements were mailed out separately and noted. Ms. Busse asked Felicia LaPlante if any departments were getting close to being over budgeted. Felicia will review it and get that information to her.

## **8. Additional Appropriations**

### **- \$3,000 Human Services/Senior Center Bus**

This appropriation represents the inflation in the price since the grant was awarded. The Town will received back \$2,400 from the State.

**MOVED (HARDING) SECONDED (BUSSE) AND PASSED UNANIMOUSLY TO APPROVE AN ADDITIONAL APPROPRIATION IN THE AMOUNT OF \$3,000 FROM THE 2018-19 UNASSIGNED FUND BALANCE TO THE HUMAN SERVICES/SENIOR CENTER BUS.**

### **- \$240 Emergency Management Tactical Gear**

This is for the gear that was approved in the capital budget. The bid came in \$240 higher than budgeted and because it is a capital item, it has to be approved as an additional appropriation. Officer Steve Esties explained to the Board that since Columbine, EMS and Fire need safety equipment because they are allowed into the warm zones with police escorts. No longer do they wait on the outskirts for the wounded to be brought to them. Mr. Rachek did not want them to feel a sense of false security with the gear. Mr. Olender asked what the lifespan of the gear is. Sgt. Santa stated that the government gives all equipment a 5 year life span.

**MOVED (BUSSE) SECONDED (PINTO) AND PASSED UNANIMOUSLY TO APPROVE AN ADDITIONAL APPROPRIATION IN THE AMOUNT OF \$240 FROM THE 2018-19 UNASSIGNED FUND BALANCE TO THE EMERGENCY MANAGEMENT TACTICAL GEAR.**

### **- Vehicle for Fire Marshal**

Lori Spielman stated that the Police have decided to keep the Tahoe that the Fire Marshal was going to get. She is proposing that the Town purchase the Public Works Director a new vehicle because he puts a lot of miles on and give his Terrain to the Fire Marshal as his dedicated vehicle. She stated that they had been paying Al Lawrence \$325/month that is a savings for the Town. Mr. Smith of EVFD stated that he felt purchasing this outside the capital budget sets a bad precedence. Lori Spielman stated that there are no other vehicles to give him and that some days, the troopers run out of vehicles for special duty. She stated that a car was promised to him when he was hired as Fire Marshal.

After some discussion it was the consensus of the Board of Finance that the vehicle purchase should be included in this year's Capital Budget and that Mr. York can apply for mileage reimbursement in the meantime. The \$5,923 in extras will be included in the car capital project item.

**9. New Business**

- 2020 Meeting Schedule

It was decided to move the Board of Selectmen Budget Hearing with Board and Commissions from March 24 to March 17 and amend the schedule.

**MOVED (HARDING) SECONDED (BUSSE) AND PASSED UNANIMOUSLY TO APPROVE THE MEETING SCHEDULE WITH THE CHANGE NOTED.**

**10. Liaison Reports**

The following committee appointments were made:

Board of Education, Library – Peg Busse  
Parks & Recreation – David Olender  
Permanent Building Committee – David Olender  
Ad Hoc Emergency Services – Douglas Harding/Joseph Wehr  
Deferred Compensation Committee – John Rachek

**Adjournment**

**MOVED (OLENDER) SECONDED (HARDING) AND PASSED UNANIMOUSLY TO ADJOURN THE MEETING AT 9:30 PM.**

**Respectfully submitted:**



**Lori Smith, Recording Secretary**



---

Presentation to the

Board of Finance

June 30, 2018 Audit Results

**Town of Ellington,  
Connecticut**

Presented by:  
Michael J. VanDeventer, CPA, Partner

**December 3, 2019**

[www.mahoneysabol.com](http://www.mahoneysabol.com)

Glastonbury Essex Middletown

## Agenda

- Scope of Work
- Auditor's Reports
- Financial Highlights
- Required Communications
- Questions



## Scope of Work

### **Audit of Financial Statements performed in accordance with the following:**

- Auditing standards issued by the American Institute of Certified Public Accountants
- Government auditing standards issued by the Government Accountability Office

### **Federal and State Single Audit performed in accordance with the following:**

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
- State of Connecticut, OPM Compliance Supplement to the State Single Audit Act
- Applicable grant and contract agreements

### **Nonaudit Services:**

- Assisted in the preparation of the financial statements, schedule of federal awards, schedule of state financial assistance and related notes
- Assisted in the conversion of the governmental fund financial statements to the government-wide financial statements
- Assisted in various balance sheet account reconciliations and identifying reclassifications of amounts recorded in the General Fund to other funds for financial reporting purposes.

## Auditor's Reports

### Report on Financial Statements

- Unmodified "clean" opinions on the financial statements. Our opinion provides reasonable assurance that the financial statements are free from a material misstatement and that they have been prepared in accordance with accounting principles generally accepted in the United States. Our opinion covers:
  - Governmental activities
  - Business-type activities (Sewers and Solid Waste)
  - Each Major Governmental Fund:
    - General Fund
    - Crystal Lake School Addition/Renovation Fund
    - Small Cities Program Fund
  - Each Major Proprietary Fund:
    - Sewer Authority Fund
    - Crystal Lake Sewers Fund
  - Aggregate remaining fund information:  
(Special Revenue, Capital Projects, Permanent, Enterprise, Private-Purpose Trust, and Agency Funds)



## Auditor's Reports (*Continued*)

### Federal Single Audit Report:

#### Report on Compliance and on Internal Control at the Federal Award Level

- Fiscal Year 2018: \$1,041,217 expended
- Major Program:
  - Special Education Grant Cluster (\$446,663)
- Unmodified “clean” opinion on compliance
- No findings reported

## Auditor's Reports (*Continued*)

### State Single Audit Report:

#### Report on Compliance and on Internal Control at the State Financial Assistance Level

- Fiscal Year 2018: \$12,644,539 expended, \$1,337,945 nonexempt
- Major Programs:
  - Town Aid Road Grant Program (\$337,991)
  - Municipal Grants-in-Aid (\$223,527)
  - Open Choice Program (\$216,192)
- Unmodified "clean" opinion on compliance
- No findings reported

## Auditor's Reports (*Continued*)

### Report on Compliance and on Internal Control over Financial Reporting:

- We do not express an opinion on the effectiveness of the Town's internal control over financial reporting nor do we express an opinion on the Town's compliance with laws and regulations
  - We did not report any noncompliance of laws and regulations that would have a direct and material effect on the financial statements
  - We did report the following deficiencies in internal control over financial reporting (**refer to pages 7 through 9 of the Federal and State Single Audit Report**):
    - Material Weakness – Application of Accounting Standards: The Town did not properly identify and apply the accounting standard that addresses the accounting and disclosure requirements for its Volunteer Firefighters' Length of Service Award Program. This resulted in a restatement of the Town's beginning net position in the amount of \$792,262.
    - Significant Deficiency – Timeliness of Financial Reporting: The Town's accounting records were not closed out in a timely manner, which resulted in significant delays in filing the Town's financial statements.

## Financial Highlights

### General Fund – Budgetary Highlights

- Original budget provided for the utilization of fund balance in the amount of \$1,920,000 to balance revenues and expenditures. Final budget included additional appropriations of \$89,945.
- Actual change in fund balance was an increase of \$56,946.
- Revenues were approximately \$35 thousand less than budgeted
  - A shortfall in Education Cost Sharing Funds in the amount of \$1.26 million was offset by favorable property tax collections in the amount of \$1.05 million.
- Expenditures were approximately \$2.25 million less than budgeted or 3.9% of final budget
  - Budgetary surplus across all departments



## Financial Highlights (Continued)

### Governmental Funds – Highlights

- Combined ending fund balances as of June 30, 2018 totaled \$16,205,453, an increase of \$2,590,773 from the prior year
- Total fund balances consisted of the following:
  - General Fund: \$12,692,323, an increase of \$386,113 from the prior year
    - \$2,059,204 is unassigned, which represents approximately 3.5% of the FY 2019 budgetary expenditure appropriations
    - \$6,078,650 is held as “Capital Reserves”, which represents 11.6% of the FY 2019 budgetary expenditure appropriations
    - \$2,323,207 was assigned for use in the FY 2019 budget
    - \$1,283,774 was assigned for Other Post-employment Benefits
  - Crystal Lake School Addition/Renovation Fund: Deficit fund balance of \$3,193,129
    - Final grant reimbursements from the State of Connecticut is not expected to fund the entire project deficit and the remaining deficit will need to be funded through the issuance of debt or budgetary appropriations

## Financial Highlights (Continued)

### Enterprise Funds – Highlights

- Combined ending unrestricted net position as of June 30, 2018 totaled \$8,129,206
- Total unrestricted net position consisted of the following:
  - Sewer Authority Fund: \$6,927,475
  - Crystal Lake Sewers Fund: \$1,194,141
  - Solid Waste Collection Fund: \$78,948
  - Watermains, Tripp and Middle Roads Fund: Deficit of \$71,358



## Other Financial Matters

### Implementation of New Accounting Standards:

- The Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other Than Pensions*.
  - Implementation resulted in a decrease in the beginning net position of the Town on a government-wide basis in the amount of \$3,561,719
  - Reflects retiree healthcare benefits for eligible employees of the Town
  - State law allows eligible retirees access to the Board of Education's healthcare plan provided to active employees
  - Total actuarial OPEB liability was \$4,468,706 as of June 30, 2018

## Other Financial Matters (*Continued*)

### Correction of an Error in Previously Issued Financial Statements:

- Adjustment to recognize the Town's net firefighters' Length of Service Award Program (LOSAP) liability resulting in a decrease in the beginning net position of the Town on a government-wide basis in the amount of \$792,262
  - Reflects actuarial accrued benefits payable under the LOSAP plan
  - Liability has been presented net of assets accumulated in the amount of \$1,146,831
  - Net LOSAP liability was \$885,568 as of June 30, 2018

## Required Communications

### Auditor's Responsibility under U.S. Generally Accepted Auditing Standards

#### Planned Scope and Timing of the Audit

- No changes in the scope of audit work
- Multiple extensions from OPM were required. Delays in issuing the audit were attributed to the following:
  - Delays due to scheduling issues at the firm
  - Delays in obtaining the necessary actuarial valuation and disclosure report for the Town's LOSAP plan
  - Delays resulting from deficiencies in the Town's closing and reconciliation processes

#### Significant Audit Findings

- Qualitative Aspects of Accounting Practices
  - The Town was required to implement GASB Statement No. 75 on OPEB, which resulted in an adjustment to the Town's beginning net position and additional disclosures
  - The disclosures included in the financial statements are deemed to be neutral, consistent, and clear

## Required Communications *(Continued)*

### Significant Audit Findings *(Continued)*

- Difficulties encountered in performing the audit related to the deficiencies reported in the Town's closing and reconciliation processes
  - There were no uncorrected misstatements
- There were no disagreements with Management
- We obtained a management representation letter and there were no unusual representations requested by us from management
- We were not aware of any consultations by management with other independent accountants
- Other matters:
  - Cybersecurity





---

## Questions?

Michael J. VanDeventer, CPA, Partner

860-781-7924

[myandeventer@mahoneysabol.com](mailto:myandeventer@mahoneysabol.com)